

In this KLiP, we will discuss what we have learnt earlier with a case study.

To facilitate in the education and training of accountants, the Institute of Chartered Accountants India (ICAI) has shared a case that demonstrates a breach of the fundamental principles:

CONFIDENTIALITY

A brief brush up: The Professional Accountants (PA) are obliged to comply with the confidentiality code at all times. Nevertheless, the PA can or might be required to disclose confidential information in certain circumstances as stated in the earlier KLiPs.

So, let us see what happened in this case:

Facts of the case:

A Professional Accountant had disclosed information acquired during the course of audit to the Registrar of Companies without the client's consent.

Analysis:

The PA had written to the Registrar of Companies making disclosures of their audit work on the client's records following a dispute. The client had then lodged a complaint to the Disciplinary Committee of the country alleging a breach of the provisions pertaining to confidentiality i.e., disclosing information acquired without the client's explicit consent.

The Disciplinary Committee investigated the complaint and the PA was found guilty of the charge of violation under the provisions of confidentiality. The Committee was satisfied that:

- (i) the PA had acquired the information in the course of the professional engagement,
- (ii) they had disclosed them to the Registrar of Companies,
- (iii) the disclosure was without the consent of the client, and
- (iv) there was no requirement in the law for such a disclosure to the Registrar of Companies.

Hence on the above grounds, the PA was penalised for his act.

Comments/Recommendations:

Generally, PAs have access to a great deal of client information which can be highly confidential. It is important for the work of a member to maintain the dignity and status of the profession and should treat such information as having been provided only to facilitate the performance of their professional duties for which they have been engaged.

In any circumstances, other than those prescribed by law of the jurisdiction or the Code, a member is considered to breach the fundamental principle if a member discloses any information without the consent of the client. Hence, the PA was penalised for his action.

This brings us to the end of this KLiP.

-END-